

FIN005 - Procurement Strategy

1. Introduction

The Procurement Strategy for Weslo Housing Management will provide a framework for future planning and for all purchases. The strategy will support the Vision, Mission and Values of Weslo as outlined In the Corporate/Business Plan and will assist in achieving the objectives outlined therein. It will be reviewed annually in line with the Corporate/Business Plan to ensure compliance with relevant legislation.

The term procurement covers the process of commissioning all the services, supplies and works by all departments within Weslo. This includes but is not restricted to, development and maintenance contracts, property, IT and other consultants' services, energy and office supplies etc.

2. Vision

Procuring goods, services, and works by the most economic, efficient, effective and sustainable means to ensure that the needs of the company, customers and the wider community are met, within a clear framework of accountability and responsibility.

3. Legislative Framework

Within procurement there is the responsibility to facilitate the delivery of savings and efficiencies through good procurement practice across Weslo whilst mitigating operational, commercial and compliance risk.

There are legislative factors shaping the procurement but there is also the need to remain viable in the long term and provide services which are affordable, cost effective and value for money to our tenants.

The legislation guiding procurement includes:

- EU Treaty Obligations
- EU Procurement Directives
- Public Contracts (Scotland) Regulations (2015)
- Procurement Reform (Scotland) Act (2014)
- Scottish Housing Regulator

All procurement must comply with the European Union (EU) principles of:

- Accountability
- Integrity
- Efficiency
- Openness
- Fairness
- Transparency
- Equal treatment and non-discrimination: and
- Proportionality

4. Strategy Rationale

The strategy is aimed at promoting effective procurement across the whole company. It aims to strike a balance between setting out a high level framework for the delivery of excellent procurement and delivering a plan which will address specific targets.

The key objectives of this strategy are to:

- Make sure our procurement practice reflects our Vision, Mission and Values;
- Secure commitment to excellent procurement from all staff throughout the company;
- Provide a central support and guidance for procurement matters;
- Plan the way forward on continually improving our procurement function;
- Ensure value for money and efficiencies are achieved with the effective use of resources ensuring that this is balanced with quality of service;
- Ensure that all relevant legislation is followed.

5. Strategic Objectives

The rationale will be supported by key strategic objectives:

- Ensure all procurement activities including tendering, contract management, obtaining quotes and reporting are in accordance with legislative and ethical requirements and comply with good procurement practice across the company;
- Ensure that costs covering the whole life of any asset or services are considered and that best value is integral in decision making;
- Ensure the principles on ethics, the environment, sustainability and development are aligned within all procurement activities;
- Ensure effective contract and supplier management so business can be conducted professionally and that contractors comply with environmental, social and employment law throughout the life of the contract;
- Continue with successful partnering initiatives whilst investigating other partnering and joint working opportunities.

6. Procurement Objectives

Contracts must be awarded through genuine and effective competition unless there are exceptional reasons that have been authorised by a Chief Executive;

All procurement should be focused on the delivery of value for money without detriment to quality, carried out to high professional standards and in accordance with legislative and legal guidelines;

Value for money will be achieved through effective monitoring, management and performance of the contracts;

- The aim is to pay all contractors within their terms or 30 days whichever is shorter
- As a living wage employer the company will where ever possible encourage all contractors to pay the living wage to their employees;

- Tender evaluation will include criteria promoting compliance with Health and Safety at Work Regulation's and where appropriate and relevant consideration to corporate and social responsibility;
- Public Contracts Scotland will be utilised will be used to support process improvement;
- New and innovative ways will be sought to improve the procurement process.

7. Community Benefits

Weslo is committed to maximising Community Benefit from all its procurement activities. Weslo recognises there is no formal requirement to demonstrate Community benefits for contracts under the value £50,000. However the contractor and supply chain will be required to support Weslo's Economic, Social and Environmental objectives which make a difference to the communities in which we operate.

The value for all contracts is totalled for the term of the contract. Where contracts are less than £50,000 in value no Community Benefit donations are required. Contracts between £50,000 and £200,000 require 15 Community Benefits Points (CBPs) for their tender to be included. Values over £200,000 have 30 CBPs attached to the tender. Where an awarded contract is given with an option to increase the initial term, (e.g. 3+1+1) these additional years will require to be factored into the CBPs total.

Contractors and suppliers are therefore required to detail any Economic, Social, or Environmental benefit associated with the contract during its term. Appendix 1 outlines the categories and provides examples of these.

8. Roles and Responsibility

All works, services and goods to be procured must where possible be included in the annual budgets as approved by the Board. Capital and Planned Maintenance works will be approved by the Board on an individual basis.

Budgets are for the most part centralised and responsibility sits with the Executive Team, a number of budgets are delegated to Managers.

All procurement activity will take place under the leadership of the Finance Director reporting through Manager to the Board on a regular basis. A Procurement Group consisting of key staff, who have procurement as a significant part of their role meet on a regular basis to progress the Procurement Action Plan.

The Procurement Strategy should be approved by the Chief Executive through his delegated authority and presented to the board on an annual basis. The Finance Director will ensure that all the relevant policies and procedures are in place to comply with procurement regulations.

Department Managers will be responsible for ensuring that they are aware of all purchases in their departments and that they and those within their department have complied with the relevant procurement processes and procedures to ensure best value for money.

One of the following methods must be used when ordering:

- Official Purchase Order
- Works order (for maintenance)
- Training Course/ Conference Application Form
- Letter of Appointment
- Acceptance of Quotation
- Acceptance of Tender
- Company Credit Card

Expenditure levels for authorisation purposes and the procurement thresholds are contained in Appendix 2. The purchasing levels of each member of staff are regularly reviewed and are held on the intranet along with a sample signature they are also contained in the Financial Procedure Manual.

9. Key Performance Indicators

It is important to agree on key performance indicators (KPI's) which can be used to measure the success of the implementation and the compliance of the Procurement Strategy.

A list of the current KPI's is provided in Appendix 3.

10. Conclusion

To ensure continuous improvement and development of the procurement process support will be provided from Executive level and cascaded across the company on a continuing and consistent basis.

The Procurement Action Plan details the priority of the action to be undertaken to achieve each of the objectives and is provided on request.

APPENDIX 1 – COMMUNITY BENEFITS

Community Benefit Outcome Menu				
Use the table below to record the community benefit outcomes you are offering SPECIFIC TO THIS CONTRACT. The RSL's expectation is that 15 CBP's or more will be delivered under this Contract. Please ensure you enter figures in No of People/Activity column, this will automatically calculate the CBP's. This is a PASS or FAIL Section, failure to meet the CBP's expected will result in a FAIL and removal from the tender. A brief outline of how you plan to achieve the points is required.				
Community Benefit Expectation for this contract 15 CBP's over the life of the contract. Additional years will be subject to further CBPs				
Contractor Name:				
Outcomes/Activity	Definition	No of CBP's per Activity	No of People/Activity	CBPs
Social Benefits				
Work Experience Placements (16 + years of age)	Duration of placement must be a minimum of 4 weeks for an unemployed person. This must be evidenced by way of certificate, case study or report from the employer and person undertaking the placement.	10	0	0
School Visits	This can be visits to schools or providing site visits for students to attend. Engagement with a minimum number of students is required.	10	0	0
Community Engagement Events	Examples of which may include engagement with local gala days or Community Gardens	5	0	0
	Awareness and training of Community Groups	5	0	0
	Professional Advice to Communities	5	0	0
	Volunteering opportunities for minimum of 1 day per year of contract	5	0	0
Total for Social Benefits			0	0
Economic Benefits				
Contractor Events	Work in Partnership with WHM and Contractors to promote Community Benefits.	5	0	0
Fundraising	Providing Kindle, or vouchers to fundraising causes	5	0	0
	Sponsor an local event	5	0	0
	Sponsorship of local team or person, providing financial assistance, kit assistance, promotional assistance	5	0	0

Mentoring/business support for a third sector organisation	This must be evidenced by a report from the supplier and the SME on the benefits expected with the mentoring received	5	0	0
Total For Economic Benefits			0	0
Environmental Benefits				
Support for a Community Project	Non-Financial Support For a community Project may include but is not restricted to deliver to the following:			
	Community Facilities and hardware investment (Digital Inclusion)	5	0	0
	Regeneration projects involving Community Groups/tenants associations	5	0	0
	Enhancing Health and Wellbeing in the community	5	0	0
Non Financial Support for a Community Project	May include volunteering a minimum of 1 day per year over the contract life. Guidance on local projects can be provided by RSL.	5	0	0
Total for Environmental Benefits			0	0
Community Benefits Outlined				

APPENDIX 2 – GOOD & SERVICES

Any ordering of above the limits detailed below must be authorised by and Executive Director. Any expenditure above £100,000 that has not been approved as part of the annual budget process, or if the board has not specifically given delegated authority for, must be approved in advance by the Board.

Executive Directors		
Name	Position	Limit
Michael Bruce	Chief Executive	To Budget
Diana MacLean	Operation Director	To Budget
Douglas Drummond	Finance	To Budget

The authorisation limits have been devolved to Head of Departments and Departmental Managers as follows:

Position	Limit
Head of HR	£10,000
IT Manager	£10,000
Finance Manager	£10,000
Head of Private Rented Services	£10,000
Housing Manager	£10,000
R & R Maintenance Manger	£10,000
Corporate Services Manager	£10,000
Assistant Housing Manager	£10,000

Procurement Working Group
Finance Director
Finance Manager
Assistant Technical Unit Manager
IT Manager
Buyer, Stock and Plant Controller
Assistant Buyer, Stock and Plant Controller
Administrator

Procurement thresholds - EU Regulated Contract Thresholds

Supplies	£181,133
Services	£181,133
Works	£4,104,394

All figures are current as at 1st January 2016 and are exclusive of VAT.

Lower Value Regulated Contract Thresholds:

As per the EU Directives effective in Scots law by The Procurement Reform Act (Scotland) 2014

Supplies	£50,000
Services	£50,000
Works	£2,000,000

All figures are current as at 1st January 2016 and are exclusive of VAT.

Definitions

Works	Site preparation, construction of new building and works, restoration or common repairs, reactive repairs, gas servicing, boiler changes and installations, civil engineering works, building installations works such as electrical and plumbing installations and building completion works such as joinery, plastering and painting
Services	The servicing of equipment such as fire alarms and lifts, landscaping and grounds maintenance, quantity surveying, architects, engineering, employment agents and clerk of works
Supplies	The purchase hire or lease of 'goods' and for any delivery or installation of the goods where this is incidental to the supply
Mixed Contracts	Should a contract be deemed to be mixed (have a combination of works, services and supply) it should be classified based on the main purpose of the contact. If a contract is predominantly for supply of services but has some incidental works, then it should be classified as a services contract

Weslo Financial Regulations:

Information as contained within the Financial Procedures Manual. All values above relate to the life of the contact.

Below £5,000	The relevant authorised staff member has discretion to decide whether competitive quotations are obtained.
Between £5,000 and £10,000	At least three competitive quotations must be sought and a record maintained of all quotations received.
Between £10,000 and £50,000	Quick quotes will be used or a framework if appropriate
Above £50,000	Competitive tendering procedures must be followed.

Exception to the above are:

- Where contractors or consultants are being used that have a particular skill that is not available elsewhere
- Where works or services are procured but no satisfactory alternative is available
- Where the works and services are only available from a limited number of suppliers (the numbers invited to tender should be adjusted accordingly)
- Where goods and materials are of a proprietary nature and no satisfactory alternative is available
- Where for other definable reasons, open competition would not be appropriate e.g. partnering arrangements or monopolies.

Weslo Procurement Levels (Approximately per annum)

- Contractors for development £2,000,000
- Contractors for Planned and Cyclical Maintenance £1,100,000
- Contractors for Reactive Maintenance and Voids £370,000
- Maintenance Materials £400,000
- Telecommunications £83,000
- Stationary & Printing £49,000
- Legal £65,000
- Insurance £240,000
- IT Support Services £104,000
- Fuel & Power £20,000
- Cleaning £55,000
- Postage £27,000

Appendix 3 - Procurement KPI's

Performance Area	Measurement
Efficiency Savings	0.5% of annual rental income (£50,000)
Compliance with procurement legislation, processes and procedures	No legal or official complaints
Supplier satisfaction - payment performance	99% of suppliers paid within 30 days.
Customers satisfaction with contractor	95% of customers are satisfied with the contractor
Supplier base	Annual review and reduction of supplier numbers